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##### Other business

### Statistical Business Register: the UNECE's 2010 Questionnaire Survey results

#### Note by the secretariat

##### *Summary*

This paper sets out the results of the 2010 United Nations Economic Commission for Europe (UNECE) Questionnaire Survey on Business Registers (BR) with focus on the Eastern Europe, Caucasus and Central Asia (EECCA), three Southeast European (SSE) countries: Albania, Bosnia & Herzegovina and Serbia, Canada, the United States, Brazil, Chile, Israel, Japan and New Zealand. The paper compares collected information with the previous questionnaire survey from 2008. Moreover the paper attempts to identify achievements in the establishment of well-functioning statistical BR and upgrading their utility.

The views expressed in this document are fully consistent with the vision of the High-Level Group for Strategic Directions in Business Architecture in Statistics, endorsed by the Conference of European Statisticians at its 59<sup>th</sup> Plenary Session in June 2011 (ECE/CES/2011/1 and ECE/CES/2011/CRP.1).

## I. Introduction

1. This paper sets out the results of the 2010 United Nations Economic Commission for Europe (UNECE) Questionnaire Survey on Business Registers (BR) with focus on the Eastern Europe, Caucasus and Central Asia (EECCA), three Southeast European (SSE) countries: Albania, Bosnia & Herzegovina and Serbia, Canada, the United States, Brazil, Chile, Israel, Japan and New Zealand. The paper compares collected information with the previous questionnaire survey from 2008. Moreover the paper attempts to identify achievements in the establishment of well-functioning statistical BR and upgrading their utility.

2. The UNECE has been collecting data and information on BR every two years since 1998. The form of the questionnaire is based on the Eurostat questionnaire model. The form has been modified substantially in 2000 and some further changes were introduced in 2004 and 2008. This makes comparisons over time somewhat problematic or in some cases not feasible. A new ISIC/NACE classification was released in 2008. This further hinders comparison of economic activity between countries.

3. The 2010 UNECE survey replies were received from 20 countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russia Federation, Tajikistan, Ukraine, Albania, Bosnia & Herzegovina, Serbia, Canada, United States, Brazil, Chile, Israel, Japan and New Zealand. 6 countries did not respond to the questionnaire or did not provide data referring to the international standard: Turkmenistan, Uzbekistan, Montenegro, Australia, Mexico and South Korea.

4. The results of UNECE's 2010 questionnaire survey were presented in Tallinn in September 2010 at the 22<sup>nd</sup> Wiesbaden Group on Business Registers.

5. In general, it is important to note that the maintenance and use of BR adopted across countries are diverse. The diversity is due to a number of factors such as existence (or lack) of legislation conducive to statistical BR development, inadequate institutional support for regional (or sub-regional) harmonization, different level of economic development of the countries, just to name a few. As a consequence, some information on statistical units remains unrecorded and therefore in some cases and certain areas remains in part neglected, e.g. information on enterprise groups, individual entrepreneurs, farm registers, etc. One can in this context also point to the lack of internationally accepted guidelines or best practices in line with for instance EU standards.

## II. Sources

6. A variety of sources are used for detecting the existence of statistical units as well as changes in their variables. For obtaining information, sources can in principal be divided into five groups:

- Administrative Sources (tax registers / social security data)
- Departmental / Institutional sources (published business accounts, central bank data, records of chamber commerce or professional associations, records by customs and excise authorities and central population register)
- Single Administrative Business Register
- Surveys
- Other Sources

It has to be noted that in other contexts Administrative sources also includes Departmental / Institutional sources and Single Administrative business Register.

7. There are significant differences in the use of sources across countries. One group of countries tend to rely predominantly on single administrative Business Register, surveys and other sources whereas another group of countries tend to rely predominantly on administrative sources, surveys and other sources.

8. Especially when it comes to Single Administrative Business Register there are big differences. Most EECCA countries make use of Single Administrative Business Register. The reason is that legislation requires central registration of business in most of these countries. Moreover the administrative sources seem quite developed in this area. Armenia and Kyrgyzstan are however the exceptions. They depend on other sources, and the main sources in Armenia are Surveys and Other sources. Single Administrative Business Register is not very common in the rest of the countries in the survey. Here only Serbia and Canada make use of Single Administrative Business Register. The rest of the countries primarily make use of Administrative Sources, Surveys and Other sources and to a lesser degree, Departmental / Institutional sources.

9. Administrative Sources are not used very much in the EECCA countries, not because they are not available, but rather because legislation does not provide for it. Obtaining e.g. information from tax authorities is often a bilateral negotiation. Bosnia & Herzegovina, Brazil and Japan also do not make use of Administrative Sources. Japan relies on Surveys only.

10. With regard to other sources, fourteen out of twenty countries point them out. However, results should be interpreted with caution. For instance, it appears that some countries were not able to relate their practice to tax registers in the form explicitly in the questionnaire. Instead of distinguishing between different types their tax information shows up under Other Sources.

**Chart 1. Sources used for detecting the existence of legal units, enterprises and local units**

Region/Country	Administrative sources					Departmental / Institutional sources					Surveys			
	1 VAT	2 Personal income tax	3 Corporate tax	4 Other business taxation	5 Social security data	6 Published business accounts	7 Central bank data	8 Records of Chamber of Commerce or prof. Associations	9 Records by Customs and Excise authorities	10 Central Population Register	11 Single Admin. Business Register	12 Feedback from Register update surveys	13 Feedback from other surveys	14 Other sources
<b>EECCA</b>														
Armenia														
Azerbaijan														
Belarus														
Georgia														
Kazakhstan														
Kyrgyzstan														
Rep. Of Moldova														
Russian Federation														
Tajikistan														
Ukraine														
<b>SEE</b>														
Albania														
Bosnia & Herzegovina														
Serbia														
<b>North America</b>														
Canada														
United States (Census)														
<b>Other countries</b>														
Brazil														
Chile														
Israel														
Japan														
New Zealand														
<div> <div>The same</div> <div>New</div> <div>Dropped</div> <div>First time reported</div> </div>														

11. Overall there have only been minor changes in the use of sources since the 2008 questionnaire. Kazakhstan and Ukraine no longer use the Single Administrative Business Register to obtain information on Enterprises and Local units. Moreover, the Russian Federation no longer obtains information from Records by Customs and Excise authorities, Serbia no longer makes use of other business taxation, and Israel presently only retains information on Legal units from VAT. However, new sources have also been taken up. For instance Ukraine has started using surveys to obtain information on Legal units. Ukraine has also started using surveys, but stopped using Single Administrative Business Register. Israel now uses other sources than VAT to collect information on Enterprises.

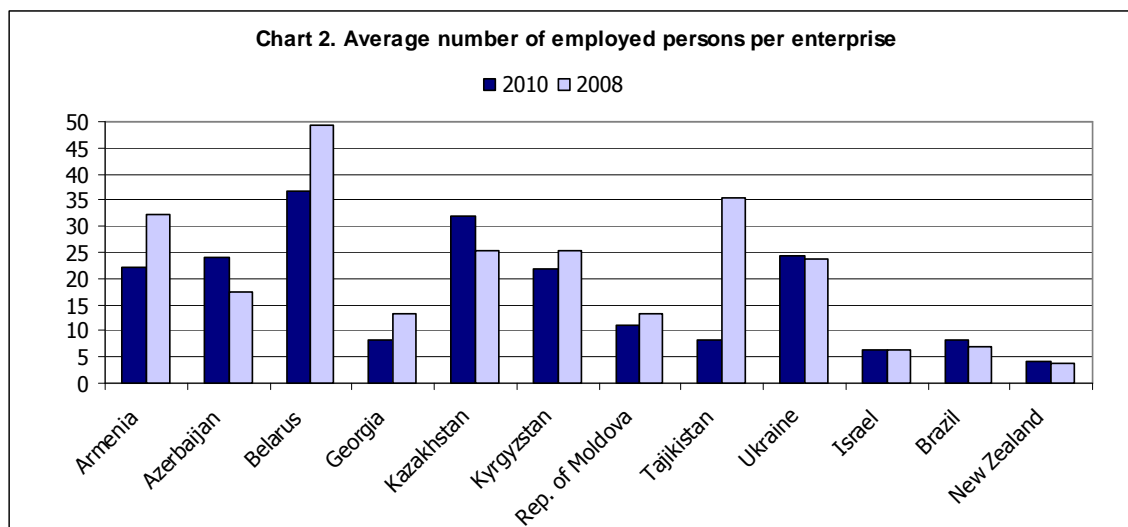
### **III. Survey results**

12. With a few exceptions there is an overall increase of the numbers of Legal units and Enterprises reported. (Note that in Moldova the number of Legal units is identical to the number of Enterprises). Local units though, show a different pattern: comparing 2010 with 2008 there was a drop in registered units, particularly in the case of the Russian Federation and Tajikistan.

13. A note of caution: the apparent change might be related to improved methodology and coverage or organizational changes rather than to change in economic activity. Comparison made with former surveys shows that data remain quite volatile and further investigation is therefore needed.

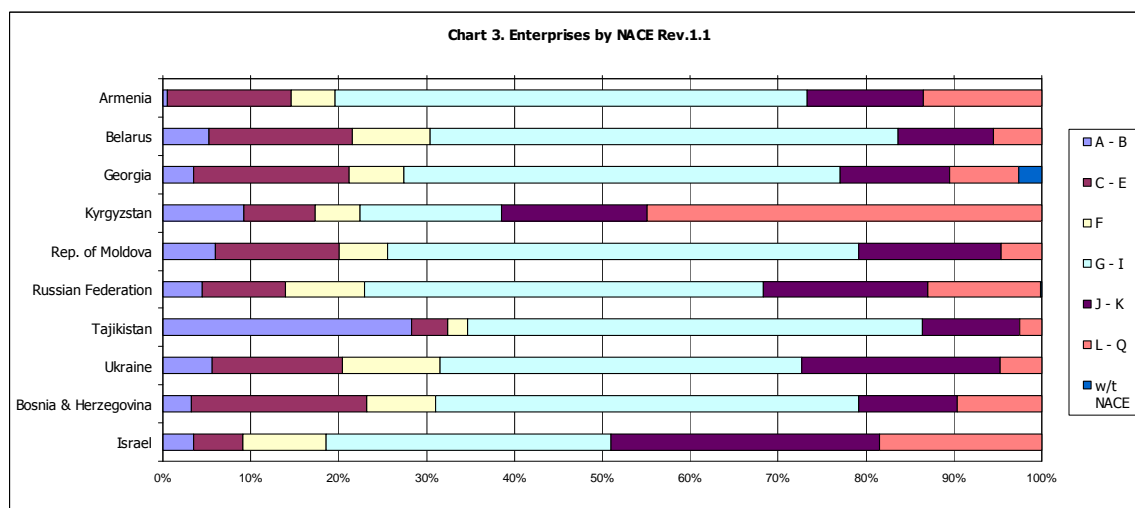
Table 1  
Business units by country

	Legal units	Enterprises	Local Units	Reference period
<b>Number of units, 2010</b> (in thousands)				
<b>EECCA</b>				
Armenia	...	12	...	
Azerbaijan	87	49	52	
Belarus	89	83	91	
Georgia	295	38	...	
Kazakhstan	298	111	128	
Kyrgyzstan	25	26	5	
Rep. of Moldova	43	43	...	
Russian Federation	4'753	...	164	
Tajikistan	144	140	9	
Ukraine	1'201	364	398	
<b>SEE</b>				
Albania	109	31	...	
Bosnia & Herzegovina	36	42	51	
Serbia	566	463	534	
<b>North America</b>				
Canada	3'420	2'232	2'378	
United States	...	6'022	7'578	
<b>Other countries</b>				
Brazil	4'607	4'607	4'978	
Chile	961	961	...	
Israel	466	465	...	
Japan	...	1'516	5'723	
New Zealand	...	458	493	
<b>% change in units between 2008 and 2010</b>				
<b>EECCA</b>				
Armenia	...	15.9	...	2008/2006
Azerbaijan	14.2	8.5	10.1	2009/2007
Belarus	29.7	41.2	41.5	2009/2007
Georgia	30.0	52.3	...	2009/2007
Kazakhstan	11.0	3.8	9.2	2009/2007
Kyrgyzstan	5.8	5.6	43.9	2009/2007
Rep. of Moldova	14.4	14.4	...	2009/2007
Russian Federation	1.7	...	-27.1	2009/2007
Tajikistan	126.9	248.9	-19.8	...
Ukraine	6.7	-4.5	-3.7	2009/2007
<b>SEE</b>				
Albania	21.7	...	...	2009/2007
Bosnia & Herzegovina	...	...	...	2009/-
Serbia	7.9	11.2	10.4	2009/2007
<b>North America</b>				
Canada	22.4	0.3	0.3	2009/2007
United States	...	...	...	2006/2007
<b>Other countries</b>				
Brazil	...	-18.7	...	2008/2005
Chile	...	...	...	2009/-
Israel	...	6.0	...	2009/2007
Japan	...	-5.9	-2.0	2006/2007
New Zealand	...	-9.7	-9.9	2010/2008



14. On an international level there is debate going on about how to define statistical units and their inclusion in statistical business registers. When it comes to enterprise groups specifically there do not seem to be a practice of monitoring them. Only six countries provide some information on enterprise groups. Three EECCA countries, Armenia, Kyrgyzstan and the Russian Federation, provide some overall information on enterprise groups, whereas Serbia, Canada and New Zealand provide more comprehensive information on enterprise groups.

15. Charts 3 and 4 present the structure of enterprises by economic activity, ISIC/NACE. There has been a change to a new classification from ISIC-2/NACE-1.1 to ISIC-3/NACE-2. The new classification was released in 2008. Table 2 presents the Nace categories in the two charts.



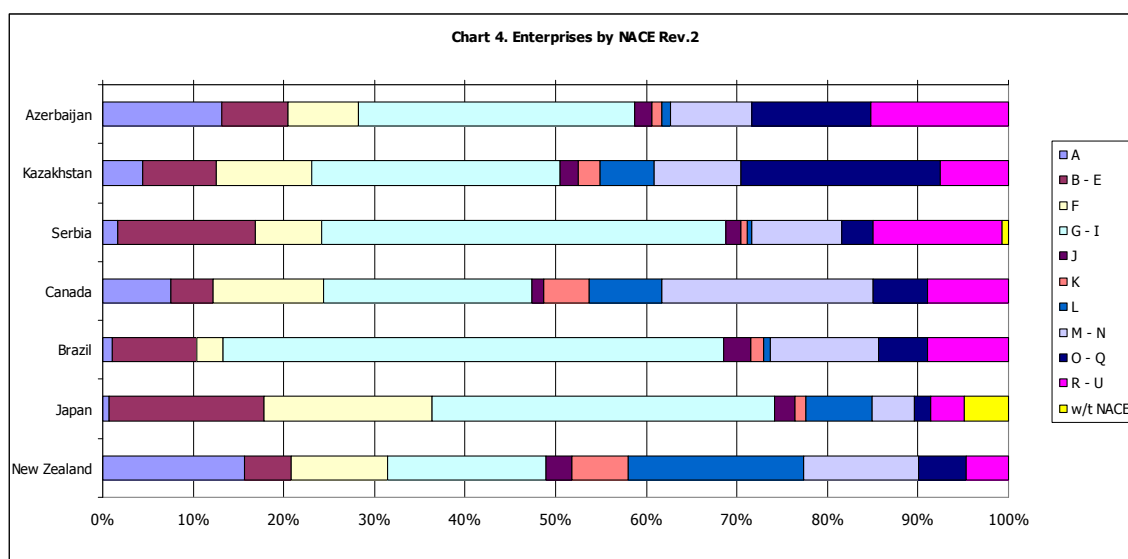
16. In the 2008 survey, all EECCA countries had developed plans for implementation of the new classification in the BR by 2009 or 2010 (Russian Federation, in 2011). Azerbaijan and Kazakhstan are already using the latest classification. It can be mentioned that some of the reporting EECCA countries only finalized their transition from CBNE (Classification of Branches of the National Economy) to the ISIC/NACE classification in 2007.

Table 2  
Nace

NACE Rev. 1.1		Nace Rev. 2	
A - B	Agriculture, hunting and forestry & Fishing	A	Agriculture, forestry and fishing
C - E	Mining and quarrying, Manufacturing & Electricity, gas and water supply	B - E	Mining and quarrying, Manufacturing, Electricity, gas, steam and air conditioning supply & Water supply
F	Construction	F	Construction
G - I	Wholesale and retail trade, Hotels and restaurants & Transport, storage and communications	G - I	Wholesale and retail trade, Transportation and storage & Accommodation and food service activities
J - K	Financial intermediation & Real estate, renting and business activities	J	Information and communication
L - Q	Public administration and defence, Education, Health and social work, Other community, social and personal service activities, Activities of private households as employers and undifferentiated & Extraterritorial organizations and bodies	K	Financial and insurance activities
		L	Real estate activities
		M - N	Professional, scientific and technical activities & Administrative and support service activities
		O - Q	Public administration and defence, Education & Human health and social work activities
		R - U	Arts, entertainment and recreation, Other service activities, Activities of households as employers & Activities of

17. Of the other countries only Serbia, Canada, Brazil, Japan and New Zealand have already implemented the new ISIC/NACE classification. Albania, Bosnia and Herzegovina, United States, Chile and Israel are still to implement the latest classification or have not finished the implementation.

18. In the implementation of the latest classification it can be expected that double coding for at least three years is foreseen in a number of countries.



19. The most popular economic activity across countries is wholesale and retail trade. Another activity with a large number of registered units is manufacturing. In Armenia, agriculture, hunting and forest are almost not present which is due the fact that farming falls outside the scope the register. It is the opposite in Tajikistan where agriculture, hunting and forest makes up a high proportion. Kyrgyzstan reports a large proportion of statistical units in other community, social and personal service activities. New Zealand and Israel have relatively evenly distributed economic activities. It can be noted that Georgia, Serbia and Japan register some enterprises without ISIC/ NACE codes.

#### **IV. Closing remarks: Challenges**

20. Overall, the survey shows that there are big differences between countries when it comes to legal basis and sources used, and also in the output the BR produces. The differences illuminate problems in dealing with the more practical side of the matter.

21. Countries use their business registers for a variety of purposes. More countries use the registers for production of business demography data than for deriving economic statistics.

22. Employing international accepted practices, such as delineation of enterprise groups might allow statistical institutes to monitor an important part of economic activities more efficiently. By now, experience of several countries confirms that harmonizing methodological approaches improves the reliability and comparability of business registers and their utility for business and other statistics. Moreover, it lightens the burden on businesses subject to statistical surveys.

23. Initial steps of shifting the emphasis from special surveys as a main source of information for BR to tax and other administrative and commercial registers have been taken in some countries, but since the latest survey though much has happened, there is still a long way to go. There still remains a need for legislation on data-sharing and confidentiality in order to establish common data monitoring and management systems. This is needed to achieve better cooperation and information-sharing amongst various governmental and municipal institutions. In some countries there might also be a need for updating ICT equipment and software as well as re-training of personal.

24. Lastly, and maybe most important, given the above; it might be time to consider moving towards development of an international guide or best practice combining experiences from EU and non-EU countries. An international guide will provide a common standard to align statistics on BR across countries and moreover provide guidelines on how to overcome practical difficulties. This was already proposed at the Wiesbaden Group meeting in September 2010. This proposal from the UNECE was supported by Eurostat and some of the participants; Italy and the Netherlands.

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